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DRAFT REPORT OF THE STANDING COMMITTEE ON POVERTY ALLEVIATION ON ITS SECOND SESSION

Held at the Palais des Nations, Geneva,
from 25 to 29 July 1994

Rapporteur: Mr. Gomi Tharaka Senadhira (Sri Lanka)

Addendum

AGENDA ITEMS 3, 4, 5 and 6

(continued)

Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

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Chapter I

EXCHANGE OF EXPERIENCES ON POVERTY REDUCTION IMPACTS OF SOCIAL FUNDS AND SAFETY NETS, INCLUDING THE MOBILIZATION OF DOMESTIC AND EXTERNAL RESOURCES FOR POVERTY ALLEVIATION

EFFECTS ON POVERTY ALLEVIATION OF STRUCTURAL ADJUSTMENT PROGRAMMES, JOB CREATION POLICIES, AND MEANS FOR THE PARTICIPATION OF SMALL-SCALE AND MICRO-ENTERPRISES IN INTERNATIONAL TRADE

SOCIAL MOBILIZATION AND ORGANIZATION OF THE POOR

CONTRIBUTION TO THE WORLD SUMMIT FOR SOCIAL DEVELOPMENT

(Agenda items 3, 4, 5 and 6)

(continued)

General debate (continued)

1. The representative of the **Afro-Asian Rural Reconstruction Organization** (AARRO) said that the rural poor suffered from limited assets, environmental vulnerability, and lack of access to infrastructure, public services and productive employment. Women, children and the elderly were among the worst hit.

2. Despite their considerable scope, anti-poverty programmes in some countries had failed to reach the beneficiaries properly. The poor were often not involved in any of the activities they were expected to benefit from and, hence, did not have much commitment to them. Although poverty alleviation programmes were often run by highly qualified professionals, those professionals usually had little knowledge about the actual problems or about the potential and capacities of the poor to improve their conditions if properly encouraged and supported by adequate facilities. What was actually needed was not welfare but the mobilization of the poor based on an understanding of their felt needs and respect for their capabilities and willingness to improve their conditions through their own efforts. Self-help groups and organizations were effective in alleviating poverty.

3. Experience showed that a development strategy which relied exclusively on industrial progress at the expense of agricultural growth and to environment could

not be sustained over a long period. Although achieving a higher rate of growth was an important objective, the growth had to be balanced structurally and ecologically, and the fruits of growth had to be distributed equitably.

4. Strategies for the sustained advancement of the poor must include a number of elements. First, human resource development needed investment to reduce illiteracy rates, impart vocational training, and provide health care and other services. Due consideration should also be given to the preservation of the natural environment. Second, investments in infrastructural facilities in rural areas were essential for providing better employment opportunities for reducing rural-urban migration, in particular among the young. Third, it was also desirable to encourage people to set up their own cottage enterprises and handicrafts units which utilized locally available materials and talents. In this context, improved access to credit, without the need for collateral, might be helpful. Savings and thrift organizations, cooperatives, rural banks or mobile banks often had positive records in this respect. Fourth, Governments, while focusing on the creation of an enabling macro-economic environment supportive of economic growth, should also promote more equality in income distribution within the country concerned.

5. AARRO was actively involved in a number of projects related to poverty alleviation in rural areas, including the creation of the World Institute of Poverty Eradication in Malaysia. He strongly supported the idea of creating regional information clearing houses on poverty alleviation as forums for the exchange of views and for the development of anti-poverty strategies. Finally, the poverty alleviation projects of the various international agencies must be properly coordinated.

6. The representative of **India** reminded delegations of the consensus achieved in Cartagena on the importance of international cooperation in the eradication of poverty for peace, stability and prosperity around the world. Since the benefits of economic growth could take time to trickle down, it was essential to address directly various manifestations of poverty, such as hunger, illiteracy, disease, unemployment and the absence of shelter.

7. Since patterns of poverty varied considerably from country to country, there could not be uniform responses to poverty alleviation. India put emphasis on employment generation and the creation of extensive social infrastructure. Effective participation of the poor themselves, from the formulatory stage of

projects to the resulting self-sustainability of poverty alleviation programmes, was also encouraged.

8. He called for the creation of an enabling international environment, including the realization of the agreed commitment to 0.7 per cent of GNP as ODA and the adoption of measures encouraging the flow of private capital and foreign direct investment to developing countries, such as the transfer of technologies and resources on concessional terms. One major obstacle in the external environment was barriers to market access for products in which developing countries had a competitive edge. This situation frustrated efforts to expand labour-intensive sectors which could help in generating self-sustaining employment.

9. Structural adjustment programmes, if carried out in the right external and internal environment, could result in sustained growth in GNP. In the short run, however, they produced cuts in public expenditure and subsidies, higher unemployment and reductions in wages. It was therefore essential to concentrate efforts on mitigating those adverse effects so that adjustment reforms could have a human face.

10. Finally, UNCTAD's contribution to the World Summit for Social Development should centre on the areas covered by its mandate, thus allowing it to draw on its specific expertise. UNCTAD could in particular provide worthwhile recommendations on ways of alleviating poverty through international trade, especially through increased exports of labour-intensive products.

11. The representative of the **Asian Group** (Nepal) said that, with regard to agenda item 3, his Group felt that the mobilization of external resources was of crucial importance for the implementation of poverty alleviation programmes. Unfortunately, the supply of aid had decelerated, as mentioned in the secretariat's report on item 3. He urged donors to fulfil the internationally agreed aid targets, since this would accelerate the flow of resources to poverty alleviation programmes. Donors might wish to consider the adoption of poverty reduction targets as one of the primary objectives of their aid policy.

12. With regard to item 4, Asian countries had used their own home-grown formulas of structural adjustment to good effect. Some countries had been able to expand their export manufactures and successfully combine high and sustained rates of growth with poverty reduction and macroeconomic stability. Through appropriate sequencing and phasing of adjustment policies, these countries had largely managed

to avoid some of the pitfalls often associated with orthodox structural adjustment policies. As regards job creation policies to benefit the poor, some countries in the region maintained large-scale public works emergency employment programmes that paid cash rather than in-kind wages, thus not disrupting local food supplies and markets. Some other countries had also helped create self-employment jobs through the provision of working capital and investment credit schemes targeted at the poor in rural and urban areas.

13. On the issue of small-scale enterprises in international trade, his Group felt that the case study on the small-scale sector contained in document TD/B/CN.2/10 usefully illustrated how the small-scale sector could become competitive in international trade, including trade among developing countries. He agreed that the international trade aspect of small-scale enterprises that employed many of the poor remained a generally neglected area of enquiry, and his Group therefore supported the organization of a workshop on international trade and the alleviation of poverty.

14. Turning to the contribution to be made by the Standing Committee to the World Summit for Social development, in view of the many analyses and recommendations already available to the various preparatory meetings, his Group felt that the recommendations emanating from the Standing Committee should focus on poverty reduction in relation to trade, resource mobilization, and other areas such as debt relief, ODA and market access. This would enable the Standing Committee to make a contribution to the Social Summit in conformity with UNCTAD's area of comparative advantage in the United Nations system. He also emphasized that priority should be given to the implementation of poverty alleviation programmes in the least developed countries and other developing countries where poverty was most acute.

15. The representative of **Mongolia** said that one of the major social problems facing his country today was poverty. Around 27 per cent of the Mongolian population lived below the poverty line, and the situation would get worse unless urgent measures were taken immediately. His Government, with the assistance of UNDP, had recently initiated an anti-poverty programme to be implemented over a five-year period. The programme was an integral component of the socio-economic development strategy of Mongolia and covered income and employment generation, poverty reduction among women and in rural areas, human resources development, and the establishment of a social safety net. The programme would be implemented in two phases: 1994-1996 and 1997-2000. His Government was committed to protecting

the most vulnerable groups of the population, as shown by its undertaking at the Tokyo donor meeting held in September 1993. To this end, Mongolia had sought to promote the role of NGOs in increasing the participation of the poor in the implementation of anti-poverty programmes.